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103d Congress

United States House of Representatives

Committee on Small Business

Subcommittee on Minority Enterprise, Finance,
and Urban Development

508-A Ford Office Building

93-253

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June 22, 1994

The Honorable Reed Hundt
Chairman
The Federal Communications Commission
1919 M Street, N.W.
Washington, D.C. 20554

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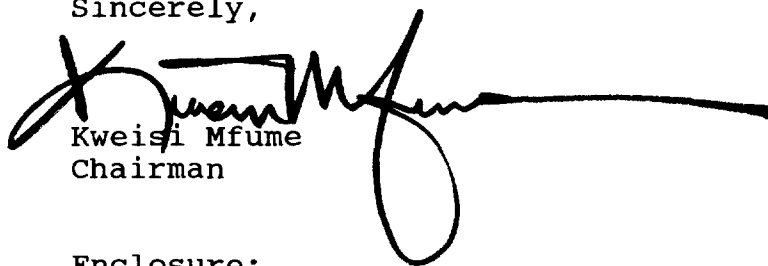
FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Dear Chairman Hundt:

Thank you for participating in the hearing convened by my Subcommittee on Minority Enterprise, Finance and Urban Development on May 20, 1994. I appreciate you accommodating my request to help the Subcommittee compile testimony for the record which demonstrates the lack of minority participation in the telecommunications industry, and reasons why that exclusion has continued to persist.

Please find enclosed my comments for the record in advance of the June 29th Broadband PCS spectrum rule. I look forward to continuing to work with you to ensure the successful inclusion of minorities in the PCS spectrum auction as well as all other emerging technologies.

Sincerely,



Kweisi Mfume
Chairman

Enclosure:

KM/das

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Chairman
The Federal Communications Commission
1919 M Street, N.W.
Washington, D.C. 20554

Dear Chairman Hundt:

I am in anticipation of the June 29, 1994 auction rule of the broadband PCS spectrum. I trust that the information obtained by the Federal Communications Commission (FCC) from the hearing convened by the Subcommittee on Minority Enterprise, Finance and Urban Development last month will be manifest in this most important rule and that minorities will be given a realistic opportunity to participate in the ownership and operation of PCS licenses.

The Omnibus Reconciliation Act of 1993 (OBRA) directed the FCC to promote economic opportunity and competition by "disseminating licenses among a wide variety of applicants including small businesses, rural telephone companies and businesses owned by members of minority groups and women." In order for minorities to have a real opportunity for success in the ownership and operation of a PCS license, the FCC must recognize the many impediments that have traditionally impaired minorities' access to capital.

The justification for accommodations for minorities is compelling. Testimony presented by Mr. Timothy Bates at the Subcommittee hearing revealed that the historic discrimination to which minorities have been subjected requires that any preference plan accord greater weight to this group than to any of the other designated entities. Further, businesses owned by such individuals are significantly underrepresented in the telecommunications industry as a whole. The 1991 study by Symbiont, Inc., "A Market Analysis of the Telecommunications Industry", disclosed that less than 1% of all telecommunications companies were minority owned.

Further, the FCC's own Small Business Advisory Committee found that barriers to full participation by small, minority and women owned businesses in existing telecommunications markets are reduced to the lack of capital, concentration of ownership and the unique problems associated with racial and gender bias.

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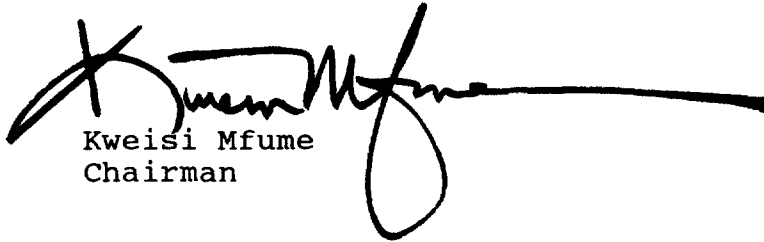
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The Honorable Reed Hundt
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I look forward to your bold leadership in fashioning competitive bidding rules and hope that the June 29th rule will put an end to the theme of apartheid in the telecommunications industry which has historically denied economic opportunity and growth for minority-owned businesses. Short of distinct and meaningful advantages to ensure the inclusion of minorities in a significant manner in the PCS spectrum auction, the FCC will demonstrate its failure to meet the clear mandate given the Commission by Congress in the Omnibus Reconciliation Act of 1993.

Sincerely,

A handwritten signature in black ink, appearing to read 'Kweisi Mfume', with a long horizontal stroke extending to the right.

Kweisi Mfume
Chairman

KM/das